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Marketing and Manufacturing Right Transfer of 13 Long-Term Listed Products from Chugai to Taiyo Pharma

Chugai Pharmaceutical Co., Ltd. (hereinafter "Chugai") and TAIYO HOLDINGS CO., LTD. (hereinafter "Taiyo Holdings") announced today that they have entered into an agreement, under which Chugai and F. Hoffmann-La Roche, Ltd. will transfer the marketing authorizations, including marketing and manufacturing rights, of 13 long-term listed products manufactured and marketed in Japan by Chugai (hereinafter "Products") to TAIYO Pharma Co., Ltd. (hereinafter "Taiyo Pharma"), a wholly owned subsidiary of Taiyo Holdings.

Chugai aims to contribute to patients and the medical community through the creation of innovative medical products and services based on its business philosophy, "Innovation all for the patients." The decision to transfer these long-term listed products was taken to reinforce Chugai's focus on creating innovation, supporting the goal of ensuring sustainable growth by optimizing investment in business segments and products with potential to enhance the company's competitive advantage.

As described in the mid-term business plan "Next Stage 2020" announced on June 7, 2017, Taiyo Holdings has conducted feasibility studies and examinations over years, intending to make an entry into the medical and pharmaceutical business, an area that Taiyo Holdings deemed to be promising as a new wing of business or a growth driver to lessen its considerable dependence on the existing business in materials for printed wiring boards (PWB business). On August 2, 2017, Taiyo Holdings set up a wholly owned subsidiary engaged in the pharmaceutical business towards the transfer of the Products. Taiyo Holdings is determined to take this opportunity and make a full-scale entry into the pharmaceutical business.

The 13 products covered by the agreement will continue to be marketed under the Chugai brand to ensure uninterrupted supply during the handover period. The marketing and manufacturing rights will be transferred to Taiyo Pharma on a step-by-step basis, starting from April 2018.

Taiyo Holdings, Taiyo Pharma, and Chugai will cooperate closely to achieve a smooth transfer of marketing authorization and marketing activities regarding the Products. Until completion of the transfer, Taiyo Pharma and Chugai will work together and engage in activities aimed at the provision of information suitable for the treatment of diseases, and the promotion of proper use.

The transfer of Products is not expected to have a material impact on the consolidated financials of Chugai for the fiscal year ending December 2017. The impact on the consolidated financials for the fiscal year ending December 2018 will be announced on the release of the financial results for the fiscal year ending December 2017 scheduled in February 2018.

Taiyo Holdings is currently reviewing the impact from the transfer of Products on the consolidated financials for the fiscal year ending March 2018. If the announcement of the revision of the financial forecast is required after the impact is determined, it will be announced promptly.

The 13 Products covered by the agreement

All formulations of the Products listed below are subject to transfer under this agreement.

	Brand Name	Therapeutic Category
1	BACTRAMIN®	Synthetic Antibacterial Agent / Agent for the treatment of Pneumocystis Pneumonia
2	DIGOSIN®	Digitalis Glycoside
3	EUGLUCON®	Oral Hypoglycemic Agent
4	FURTULON®	Anti-Tumor Agent
5	GLYCEOL®	Drug for the treatment of Intracranial Hypertension and Intracranial Edema / Ocular Hypotensive Agent
6	KYTRIL®	5-HT ₃ receptor antagonist for the treatment of Nausea and Vomiting
7	MADOPAR®	Agent for the treatment of Parkinson's disease
8	PROCARBAZINE HYDROCHLORIDE	Anti-Tumor Agent
9	PYDOXAL®	Active Form of Vitamin B ₆
10	RESPLEN®	Antitussive and Mucolytic Agent
11	RIVOTRIL®	Anti-epileptic Agent
12	ROCEPHIN®	Cephalosporin Antibiotic
13	TIGASON®	Agent for the treatment of Hyperkeratosis

About Chugai

Chugai is one of Japan's leading research-based pharmaceutical companies with strengths in biotechnology products. Chugai, based in Tokyo, specializes in prescription pharmaceuticals and is listed on the 1st section of the Tokyo Stock Exchange. As an important member of the Roche Group, Chugai is actively involved in R&D activities in Japan and abroad. Specifically, Chugai is working to develop innovative products which may satisfy the unmet medical needs, mainly focusing on the oncology area.

In Japan, Chugai's research facilities in Gotemba and Kamakura are collaborating to develop new pharmaceuticals and laboratories in Ukima are conducting research for technology development for industrial production. Overseas, Chugai Pharmabody Research based in Singapore is engaged in research focusing on the generation of novel antibody drugs by utilizing Chugai's proprietary innovative antibody engineering technologies. Chugai Pharma USA and Chugai Pharma Europe are engaged in clinical development activities in the United States and Europe.

The consolidated revenue in 2016 of Chugai totaled 491.8 billion yen and the operating income was 80.6 billion yen (IFRS Core basis).

Additional information is available on the internet at <https://www.chugai-pharm.co.jp/english/>.

About TAIYO HOLDINGS

Taiyo Holdings, headquartered in Tokyo, is engaged in the manufacturing and sale of components and materials for PWB (Printed Wiring Board) as well as electronic components and chemicals for semiconductors. PWB is used in a wide range of electronics, including personal computers, smartphones, tablets and other IT devices, flat-panel televisions, car electronics and other digital consumer products, and electronic devices installed in vehicles. Taiyo Holdings boasts a top-class global share in SR (solder resist), an essential component of PWB. Taiyo Holdings has been developing its global business aggressively through the network of business bases it has established in the key markets especially in East Asia, and its overseas sales ratio has reached approximately 80%. Taiyo Holdings has been actively responding to the world's growing demand for electronic devices and the ever-changing business environment, endeavoring to provide products and services of high quality to customers around the globe.

Marking an important milestone on the road toward a comprehensive chemical company, Taiyo Holdings has set up a wholly owned subsidiary in August 2017 to make a full-scale entry into the pharmaceutical business. Going forward, Taiyo Holdings is determined to contribute to the society through pushing ahead with its newly established pharmaceutical arm.

Taiyo Holdings generated the consolidated sales of 47.9 billion yen with the consolidated operating income of 9.2 billion yen for the fiscal year ended March 2017.

For further information, please visit the corporate website of Taiyo Holdings at <https://www.taiyo-hd.co.jp/en/>.

About TAIYO Pharma

Taiyo Pharma was established on August 2, 2017 as the wholly owned subsidiary of Taiyo Holdings. Starting with the Products transferred through this transaction, Taiyo Pharma will expand the pharmaceutical business and contribute to the society.

Inquiries

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